



# Monthly Bulletin

Volume 8, Number 2

August 2004

## DFI to Roll out New Post Examination Survey and CAMELS Rating

As a means of improving our ability to evaluate our quality of service and our effectiveness of supervision, the Department of Financial Institutions (DFI) will roll out a new Post Examination Survey and CAMELS Rating beginning September 1st. The new survey technique will reflect our licensees' assessment of the DFI following each examination. We have refocused and expanded our existing examination Quality Assurance Survey (QAS) using a CAMELS rating format to better align DFI regulatory values with the well-understood industry standard rating. Now, the DFI will be able to pursue the goal of a CAMELS "1" rating, and both the industry and the department will know the meaning of that achievement. The CAMELS Rating will allow licensees to rate the examination process on the following criteria: C – Competent; A – Advisory; M – Meaningful; E – Efficient; L – Listening; S – Strong Leadership.

The CAMELS survey will follow each DFI examination, will be web-based, and can be completed and submitted by our licensees online over the Internet. Information regarding the CAMELS Survey and instructions for its completion will be included in the transmittal letters to the examination reports. A sample of the survey is [attached](#).

The results of the QAS were previously captured manually and compiled annually. Going forward, it is planned that the results of the CAMELS Surveys will be captured quarterly and reviewed in aggregate as part of the ongoing efforts to ensure that our examination process is thorough, effective, efficient and provides value to our stakeholders. Aggregate results will be shared with the industry.

The results of the individual CAMELS Surveys will continue to be confidential, since the CAMELS Surveys are intended to rate the examination process, not the examiner(s). Only the Commissioner and a limited number of administrative staff needed for processing will have access to the completed surveys, and requests can be made by the licensee to be contacted directly by the Commissioner. Licensees are encouraged to complete the surveys as they are an important tool to help us continuously improve our examination processes as we strive to

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be the pre-eminent financial services regulator in the country. For more information about the CAMELS Survey, please contact Craig Carlson at (619) 682-7222 or by email at [ccarlson@dfi.ca.gov](mailto:ccarlson@dfi.ca.gov).

## Know your Responsibility under the California Data Security Disclosure Law

Senate Bill 1386 became operative on July 1, 2003. It added and amended sections of the California Civil Code to help consumers protect their financial security. Civil Code section 1798.82 now requires, among other things, that:

*(a) Any person or business that conducts business in California, and that owns or licenses computerized data that includes personal information, shall disclose any breach of the security of the system following discovery or notification of the breach in the security of the data to any resident of California whose unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. The disclosure shall be made in the most expedient time possible and without unreasonable delay, consistent with the legitimate needs of law enforcement, as provided in subdivision (c), or any measures necessary to determine the scope of the breach and restore the reasonable integrity of the data system.*

Civil Code section 1798.82 also has specific provisions regarding notification procedures, what constitutes “personal information,” and when a “breach of the security of the system” has occurred.

A customer may, under Civil Code section 1798.84, bring a civil lawsuit to recover damages for failure to comply with the Civil Code section 1798.82.

During the past year, a number of financial institutions and companies that do work for financial institutions have had computer data stolen that contain personal information of California residents that is owned by or licensed by the financial institution. The financial institution is subject to the notification requirements of Civil Code section 1798.82 even when the personal information is stolen from a person or business that is working for it.

With this in mind, it is suggested that each licensee consider investigating those persons or businesses with whom they contract and who have access to personal information of California residents that is owned by or licensed by the licensee to learn if the systems and controls of the contractors are adequate to protect the personal information.

In cases where the unencrypted personal information of a California resident has been, or was reasonably believed to have been, acquired by an unauthorized person, in addition to notifying customers, the following are some of the steps that have been taken:

- Providing customers with a one-year membership in a credit monitoring service that notifies the customer if there is activity in the customer’s credit bureau file.
- Providing specially trained representatives of the licensee to answer customer questions and provide up-to-date information about the situation.

- Monitoring affected accounts for unusual activity and taking added steps to confirm that the customer is the owner of the account at every contact.

Licensees should also consider taking the following steps:

- Place a security alert on their (the customer's) credit bureau file. This flags the file for added scrutiny by potential lenders.
- Regularly review account statements and report any suspicious activity immediately.
- Protect all accounts with a password or personal information number (PIN).

For additional information, a white paper entitled, "Recommended Practices on Notification of Security Breach Involving Personal Information" is available from the California Office of Privacy Protection at:

[www.privacy.ca.gov/recommendations/secbreach.pdf](http://www.privacy.ca.gov/recommendations/secbreach.pdf).

## **DFI Automates Transmitter of Money Abroad Application Processes**

### **Significant improvement expected in turnaround for agent, branch, and branch of agent applications**

On August 23, 2004 the Department of Financial Institutions (DFI) inaugurated the first phase of its new, automated application process for agents, branches and branches of agents. Transmitter of money abroad licensees will input data to a Microsoft Excel workbook that we will upload to our new money transmitter database. This process is expected to significantly improve the turnaround time to obtain an approval by eliminating the time-consuming manual data entry that was formerly required. Participating institutions will receive an email confirmation immediately upon approval, instead of waiting days to receive notification by postal mail.

During the second phase of the process, the Department will be exploring the feasibility of partnering with the Department of Justice to automate the process by which fingerprint results are obtained from law enforcement.

The new process is currently being used by a test group composed of six licensees. It will be rolled out to all money transmitter licenses during the fall and winter. To learn more about the new program, contact Meli Brown at (415) 263-8542, or by email at [mbrown@dfi.ca.gov](mailto:mbrown@dfi.ca.gov).

## **Commercial Bank Activity**

### **New Bank**

MetroPacific Bank

In the vicinity of Von Karman and Martin, Irvine, Orange County

Correspondent: Robert B. Hildt

4540 Campus Drive, Suite 148

Newport Beach, CA 92660

(714) 253-7807

Approved: 8/4/04

### **Merger**

Encino State Bank, Encino, with and into First State Bank of California, Granada Hills

Filed: 8/10/04

Approved: 8/27/04

Solano Bank, Vacaville, with and into The Vintage Bank, Napa

Filed: 8/2/04

Approved: 8/12/04

Trust Bank, Monterey Park, a federal savings association, with and into East-West Bank, San Marino

Effected: 8/6/04

Union Safe Deposit Bank, Stockton, with and into Bank of the West, San Francisco

Approved: 8/10/04

### **Conversion to State Charter**

Nara Bank, N.A., Los Angeles, to convert from a national bank to a state charter under the name Nara Bank

Filed: 7/30/04

### **Sale of Partial Business Unit**

CNA Trust Corporation, Costa Mesa to sell a partial business unit to Union Bank of California, N.A., San Francisco

Approved: 7/2/04

Effected: 8/1/04

**Change of Name**

First International Bank to San Diego Community Bank  
Effected: 7/16/04

**Trust Company Activity****Sale of Whole Business Unit**

Deseret Trust Company of California, Los Angeles, to sell its whole business to Deseret Trust Company, Salt Lake City, Utah  
Approved: 8/19/04

**Premium Finance Company Activity****New Premium Finance Company**

California Premium Financing, Inc.  
2501 East Chapman Avenue, Fullerton, Orange County  
Correspondent: Carol Manson  
Automated Installment Systems  
955 Executive Parkway, #201  
St. Louis, MO 63141  
(800) 624-6308  
Approved: 8/11/04

**Foreign (Other Nation) Bank Activity****New Office**

Depfa Bank  
One Market Street, Steuart Tower, San Francisco, San Francisco County (Representative Office)  
Opened: 8/2/04

**Discontinuance of Office**

Banco do Brasil, S.A.  
811 Wilshire Boulevard, Los Angeles, Los Angeles County (Representative Office)  
Discontinued: 6/22/04

## **Foreign (Other State) Bank Activity**

### **New Facility**

Builders Bank

11111 Santa Monica Boulevard, Los Angeles, Los Angeles County (Facility – Insured Bank)

Notified: 7/19/04

## **Credit Union Activity**

### **Merger**

Contra Costa Retail Clerks Credit Union, Martinez, into California Pacific Federal Credit Union, Concord

Effected: 6/30/04

### **Field of Membership**

Seven credit unions received approvals to add 45 new fields of membership during July 2004.

### **Bylaw Amendments**

One credit union received approval for one bylaw amendment during July 2004.

## **Transmitter of Money Abroad Activity**

### **New Transmitter**

Custom House Currency Exchange Limited

Filed: 8/12/04

**Acquisition of Control**

Newco Z, Inc., f/k/a Tri-Axxa, Inc. to acquire control of Giromex, Inc.

Approved: 5/28/04

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**HOWARD GOULD**

Commissioner of Financial Institutions

Bulletin for Month ended  
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to Financial Code, Section 258



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